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Detroit's rivals on sidelines in rescue fight

State lawmakers oppose any bailout for American automakers

By Doug Abrahms

WASHINGTON -- Many South Carolina lawmakers are speaking out against a multibillion-dollar bailout to help the Detroit auto companies, but foreign-based carmakers, including BMW, have kept mum on the issue.

"We're not supposed to pick winners and losers and micromanage companies," said Rep. Gresham Barrett, R-Westminster, who opposes the idea. "We're telling three of the automobile manufacturers ... that we are going to do more for you than the others."

Barrett attended a House Financial Services Committee hearing Friday where Detroit auto executives again made their plea for financial assistance.

Many Democrats and Midwestern lawmakers support plans to provide government loans to Ford, Chrysler and General Motors to prevent the recession in the U.S. from getting worse.

The Labor Department report Friday that 513,000 jobs were lost in November added an urgency for some lawmakers.

"A failure to some extent of three of our major domestic manufacturing entities would be a very serious problem in any case," Rep. Barney Frank, D-Mass., said Friday. "In the midst of the worst economic situation since the Great Depression, it would be an unmitigated disaster."

Foreign carmakers with U.S. plants have been quiet about the request by Detroit-based companies that has grown from \$25 billion to \$34 billion.

BMW in Spartanburg didn't respond to a request for comment, and a Hyundai official declined response. The Association of International Automobile Manufacturers hasn't taken a position on the plan Congress might consider this week, a spokesman said.

"They have been quite quiet," said David Bodde, a business professor at Clemson University who focuses on the auto industry. "It's not the kind of issue that they can be high profile about" because they might look bad if they're seen opposing U.S. manufacturers.

All automakers in the U.S. have seen sales drop, he said. U.S. production must shrink because Americans are buying fewer cars, Bodde said, and the Big 3 will be forced to close plants and shed expenses whether or not they receive federal aid.

Democrats will call the Senate into session Monday afternoon, and Senate Majority Leader Harry Reid, D-Nev., has said he might introduce the shell of a rescue bill to get the process moving.

Both South Carolina Sens. Lindsey Graham and Jim DeMint oppose the auto bailout.

"I don't believe this is a good idea to take \$25 billion and give it to the three major car companies with -- which I think have a business plan that's doomed to fail," Graham said last week. "I think they either

need to consolidate, go into bankruptcy, come out stronger, but at the end of the day, what do I know about running a car company?"

A second battle has surfaced over which funds could be used to lend money to Detroit's carmakers.

Reid and House Speaker Nancy Pelosi, D-Calif., asked President George W. Bush on Thursday to release money from the \$700 billion financial bailout to the automakers.

"The failure of the Big 3 would indeed have a major direct and negative impact on the financial sector, not just the economy as a whole," they wrote.

But the Bush administration has opposed the idea and said Congress can pull the money from an existing \$25 billion program for more fuel-efficient vehicles.

Rep. Bob Inglis, R-Travelers Rest, said he has trouble supporting a bill that spends \$25 billion to bail out one industry.

"This crisis calls for all the players to see it in their best interest to remake themselves into a wholly different industry and shed legacy costs and thinking," said Inglis. "A prepackaged bankruptcy option may be the only way to cleanly break from the past."
